

FLOOR STATEMENT BY
BUDGET CHAIRMAN JUDD GREGG
June 23, 2005

MR. GREGG:

MADAM PRESIDENT, I WANT TO RISE AND ADDRESS THIS ISSUE AS CHAIRMAN OF THE BUDGET COMMITTEE. LET ME BEGIN WITH THIS RATHER UNFORTUNATE CHARACTERIZATION THAT A BUDGET POINT OF ORDER IS A TECHNICAL EVENT AROUND HERE. BUDGET POINTS OF ORDER ARE NOT TECHNICAL EVENTS. THEY'RE RATHER IMPORTANT, IN MY HUMBLE OPINION. I GUESS THAT'S BECAUSE I'M CHAIRMAN OF THE BUDGET COMMITTEE; BUT WE PASS A BUDGET AND WE SAY AS A CONGRESS AND AS A PARTY SPECIFICALLY -- BECAUSE NOBODY ON THE OTHER SIDE OF THE AISLE PARTICIPATED IN PASSING THE BUDGET -- THAT WE'RE GOING TO DISCIPLINE OUR HOUSE, WE'RE GOING TO BE FISCALLY RESPONSIBLE, AND IN FACT THE BUDGET WE PASSED WAS EXTREMELY DISCIPLINED. IT LIMITED NON-DEFENSE DISCRETIONARY SPENDING TO A ZERO INCREASE OVER THE NEXT THREE YEARS. FOR THE FIRST TIME IN SEVEN YEARS IT ATTEMPTED TO ADDRESS ENTITLEMENT SPENDING BECAUSE WE SEE THAT AS PROBABLY THE MOST SIGNIFICANT THREAT TO OUR FISCAL INTEGRITY AS A NATION. AND IT HAD VERY AGGRESSIVE LANGUAGE IN THE AREA OF ENFORCEMENT. CERTAIN ACCOUNTS WERE SET UP SUCH AS THE RESERVE ACCOUNT WHICH HAS BEEN MENTIONED IN ORDER TO MAKE SURE THAT DOLLARS WERE NOT SPENT WHIMSICALLY OR OUTSIDE THE PURPOSE OF THE BUDGET. THAT BUDGET PASSED AND IT PASSED BY A COUPLE OF VOTES BUT WITH NO DEMOCRATIC SUPPORT. HOWEVER, IT WAS THE FIRST BUDGET TO PASS THIS CONGRESS IN TWO YEARS AND ONLY THE SECOND TIME IN FOUR YEARS THAT WE ACTUALLY GOT A BUDGET OUT OF THE CONGRESS. SO I THINK IT'S IMPORTANT THAT WE LOOK TO THE BUDGET FOR LEADERSHIP OR AT LEAST FOR A GUIDEPOST AS TO HOW WE'RE GOING TO FUNCTION AROUND HERE. AND TO SAY THAT POINTS OF ORDER MADE UNDER THE BUDGET ARE TECHNICAL IS INCONSISTENT WITH THE PURPOSES OF THE BUDGET AND THE POINTS OF ORDER UNDER THE BUDGET.

THERE ARE A LOT OF POINTS THAT HAVE BEEN RAISED IN PRESENTING THIS CASE. THERE HAVE BEEN SUBSTANTIVE POINTS AND THEN THERE HAVE BEEN ARGUMENTS THAT IT REALLY ISN'T OUTSIDE THE BUDGET AND, THEREFORE, SHOULD BE PAID FOR. LET ME SPEAK INITIALLY TO THE SUBSTANTIVE POINTS, AND I DO RESPECT THE THE SENIOR SENATOR FROM LOUISIANA'S COMMENTS WHEN SHE QUITE FORTHRIGHTLY STATED THAT THE PROBLEM THAT IS BEING CAUSED IN LOUISIANA RELATIVE TO FRONTAGE AND LAND IS

A FUNCTION OF THE LEVYING SITUATION WHICH BENEFITS THE NATION -- I DON'T DENY THAT; I READ THE BOOK "RISING TIDE" AND WAS AMAZED AT THE IMPACT OF THAT FLOOD AND KNOW THAT THE LEVY SITUATION ADDRESSES THAT AS WELL AS COMMERCE. BUT THE ESSENTIAL PROBLEM THERE -- AND I HAVE REVIEWED THIS BRIEFLY, I HAVEN'T REVIEWED IT IN DEPTH, BUT I'VE ASKED MY PEOPLE WHO HAVE WORKED IN NOAA WHAT CAUSES THIS EROSION AND I AGREE WITH THE SENIOR SENATOR FROM LOUISIANA THAT THE EROSION IS ESSENTIALLY BEING CAUSED BY THE LEVIES. IT IS NOT A FUNCTION OF DRILLING OFFSHORE. AND, THEREFORE, THERE IS NO NEXUS HERE BETWEEN DRILLING OFFSHORE AND THE NEED TO RESTORE THE CONSERVATION ISSUES AROUND THE LAND THAT IS BEING LOST. A NEXUS, A SCIENTIFIC NEXUS DOESN'T EXIST. THE ISSUE IS REALLY INDEPENDENT OF EACH OTHER. NOW, HOW YOU FUND THE RESTORATION OF THOSE SHORELINES IS THE ISSUE AT HAND. BUT WHAT I THINK IS IMPORTANT IS THAT FROM A SUBSTANTIVE, POLICY-DEBATE PURPOSE, THE PROBLEM IS NOT BEING CAUSED BY ENERGY PRODUCTION, AND THE AMENDMENT, AS PROPOSED, HAS NO RELATIONSHIP TO ENERGY PRODUCTION AND THIS IS AN ENERGY BILL. IN OTHER WORDS, THIS AMENDMENT DOESN'T CREATE NEW PRODUCTION. THIS AMENDMENT DOESN'T CREATE NEW RENEWABLES AND IT DOESN'T CREATE CONSERVATION. THIS AMENDMENT CONSERVES LAND BUT THE LAND THAT IS BEING LOST IS NOT NECESSARILY BEING IMPACTED BY ENERGY PRODUCTION EVEN. OR AT LEAST THERE'S NO SCIENTIFIC EVIDENCE TO THAT EVENT THAT I CAN SEE AND. AND I THINK THE SENIOR SENATOR FROM LOUISIANA MADE THE CASE BETTER THAN I CAN MAKE ON THAT POINT. THERE'S NOT A RELATIONSHIP BETWEEN WHAT THIS BILL WANTS TO GATHER MONEY FOR AND THE ENERGY BILL.

SECONDLY, I THINK IT'S IMPORTANT TO NOTE THAT THIS BILL UNIQUELY BENEFITS FIVE STATES AT THE EXPENSE OF THE GENERAL TREASURY. IT ESSENTIALLY SAYS TO THOSE FIVE STATES HAVE A UNIQUE CONSERVATION ISSUE WHICH THE GENERAL TREASURY HAS AN OBLIGATION TO SUPPORT, OVER OTHER STATES WHICH HAVE CONSERVATION ISSUES. THERE MAY BE OTHER PLACES THAT HAVE CONSERVATION ISSUES WHICH PROBABLY ARE DIRECTLY RELATED TO THE PRODUCTION OF ENERGY. CAN I SUSPECT THAT WEST VIRGINIA HAS SOME VERY SERIOUS CONSERVATION ISSUES DEALING WITH THE PRODUCTION OF COAL. AND THERE'S A PRETTY GOOD NEXUS. BUT THIS AMENDMENT DOESN'T SAY WE USE THE GENERAL TREASURY TO SUPPORT THAT EFFORT. NO, IT SAYS FIVE STATES HAVE GATHERED TOGETHER TO TAKE MONEY OUT OF GENERAL TREASURY FOR THE PURPOSES OF WHAT THEY SEE AS THEIR CONSERVATION NEEDS WHICH HAVE NO NEXUS THAT CAN BE PROVEN TO THE ENERGY PRODUCTION. GRANTED, THOSE STATE DOZEN PRODUCE A LOT OF ENERGY AND THAT ENERGY SAY BENEFIT TO THIS COUNTRY. I APPRECIATE THAT. BUT

NEW HAMPSHIRE PRODUCES MORE ENERGY THAN WE CONSUME, A SIGNIFICANT AMOUNT MORE THAN WE CONSUME BECAUSE WE BUILT A NUCLEAR PLANT. I TELL YOU THAT PRODUCED SOME CONSERVATION ISSUES, BUT WE'RE NOT SEEKING A SPECIAL FUND WHICH THE TAXPAYERS WILL HAVE TO PAY FOR IN ORDER TO TAKE CARE OF THAT ISSUE THAT WILL BE UNIQUELY TIED TO NEW HAMPSHIRE.

THE MOST APPROPRIATE APPROACH HERE IS IF THIS IS WHAT THE GAME PLAN IS PROBABLY TO FUND -- IF YOU ARE GOING TO TAKE MONEY OUT OF GENERAL TREASURY AND SET UP AN ENTITLEMENT PROGRAM FOR A FEW STATES IS TO SAY WELL, THEN THAT PROGRAM SHOULD BE FOR MORE THAN A FEW STATES, IT SHOULD BE FOR THE STATES WITH IMPACT FROM CONSERVATION NEEDS. I DON'T THINK WE SHOULD BE CREATING NEW ENTITLEMENT PROGRAMS WHICH IS THE GROUND PROBLEM IN THIS CASE, CREATING NEW ENTITLEMENT PROGRAMS. NOW, LOUISIANA ALREADY BENEFITS RATHER UNIQUELY, AND I THINK THIS POINT SHOULD BE MADE AND FOLKS SHOULD FOCUS ON IT A BIT FROM A VARIETY OF DIFFERENT FUNDS WHICH ARE GENERATED BY ENERGY WHICH HELP THEM IN THE AREA THEORETICALLY OF CONSERVATION. THEY GET 100% OF THE ROYALTIES FOR THE FIRST THREE MILES OF DRILLING. LAST YEAR THAT WAS OVER \$800 MILLION. THEY GET, I THINK, 27% OF THE ROYALTIES FOR THE NEXT THREE MILES AND LAST YEAR THAT WAS ABOUT \$38 MILLION. WHAT WE'RE TALKING ABOUT IS ROYALTIES BEYOND THOSE AREAS IN FEDERAL WATER, NOT STATE WATER. FEDERAL TAXPAYERS, FEDERAL WATER. SO LOUISIANA IS ALREADY RECEIVING A FAIR AMOUNT OF MONEY, THROUGH THE PRESENT ROYALTY PROCESS.

IN ADDITION DUE TO THE CREATIVITY, I SUSPECT THE SENIOR SENATOR FROM LOUISIANA WAS INVOLVED IN THIS AND I KNOW THE PRIOR SENATOR FROM LOUISIANA WAS INVOLVED IN THIS. THROUGH THEIR CREATIVITY WHEN DINGELL-JOHNSON WAS REAUTHORIZED THEY MANAGED TO GET A DEDICATED STREAM OF MONEY FOR CONSERVATION LAND. THEY ARE THE ONLY STATE IN THE COUNTRY THAT HAS THIS, THE ONLY STATE. A DEDICATED STREAM OF MONEY. I CONGRATULATE THEM FOR THEIR CREATIVITY BUT I DON'T THINK THEY SHOULD GET ANOTHER ONE. THEY DID IT ONCE. WHY SHOULD THEY GET IT TWICE? EVERY TIME YOU START A LAWN MOWER IN THIS COUNTRY WHETHER YOU START IT IN LOUISIANA OR WHETHER YOU START IT IN UPSTATE NEW YORK OR MONTANA OR WASHINGTON OR OREGON EVERY TIME YOU PULL THAT THING AND IT DOESN'T START AND PULL IT AGAIN, FINALLY GET IT STARTED, YOU ARE SENDING MONEY TO LOUISIANA. EVERY TIME SOMEONE GETS ON A SNOW MOBILE IN NEW HAMPSHIRE THEY SEND MONEY TO LOUISIANA. WE'RE SENDING OUR DOLLARS TO LOUISIANA TO HELP OUT LOUISIANA EVERY TIME SOMEONE TAKES A SNOW MOBILE OUT.

LAST YEAR I THINK IT WAS \$71 MILLION THAT THEY GOT OUT OF THAT FUND, UNIQUELY TO LOUISIANA. I GUESS THEY THOUGHT IT WAS SUCH A GOOD IDEA THEY'D COME BACK AGAIN. WHAT THE HECK, IF IT WORKED ONCE, WHY NOT TRY IT TWICE?

THE PROBLEM THEY HAVE, OF COURSE, IS THAT THERE'S A BUDGET POINT OF ORDER AGAINST IT. SO THEY HAVE TO CONVINCE 60 PEOPLE THAT LOUISIANA SHOULD GET THIS UNIQUE TREATMENT AFTER LOUISIANA ALREADY GETS 100% OF THE ROYALTIES FROM A THREE-MILE AREA WHICH IS OVER \$800 MILLION, 27% OF THE ROYALTIES FROM THREE TO SIX MILES, WHICH IS ABOUT \$38 MILLION AND \$71 MILLION FROM DINGELL-JOHNSON WHICH NO OTHER STATE GETS IN THAT DEDICATED STREAM. AND THEN THEY PUT IT FORWARD FOR A PROGRAM WHICH HAS NO RELATIONSHIP TO ENERGY PRODUCTION. INTERESTINGLY ENOUGH, IF YOU READ THE AMENDMENT, IT APPEARS UNDER THIS AMENDMENT THAT NOT ONLY DOES IT HAVE NO RELATIONSHIP TO ENERGY PRODUCTION BUT THAT THE MONEY COULD ACTUALLY BE SPENT ON JUST ABOUT ANYTHING. IT COULD PROBABLY GO INTO THE GENERAL TREASURY OF LOUISIANA. IT BASICALLY WILL BECOME A REVENUE-SHARING EVENT. IT DOESN'T HAVE TO GO TO CONSERVATION. ON PAGE 14 IT SAYS MITIGATION OF IMPACTS OF OUTER CONTINENTAL SHELF ACTIVITIES THROUGH THE FUNDING OF ONSHORE INFRASTRUCTURE PROJECTS AND PUBLIC SERVICE NEEDS. PUBLIC SERVICE NEEDS IS A TERM THAT MEANS YOU CAN FUND ANYTHING -- I MEAN, YOU COULD FUND THE FACT THAT FISHERMEN ARE NOT HAVING A GOOD YEAR FISHING, OR THAT THE CASINO DIDN'T HAVE A GOOD YEAR IN THE INDUSTRY OR THAT YOU WANTED TO BUILD A HOOTERS IN ORDER TO HOLD THE STATE LINE IN PLACE.

PUBLIC SERVICE NEEDS IS A PRETTY BROAD TERM. AND I KNOW THERE ARE SOME VERY CREATIVE PEOPLE WHO WHEN THEY SEE LANGUAGE LIKE THAT THEY SEE FEDERAL REVENUE SHARING. GIVE ME THE DOLLARS, I'M GOING TO SPEND IT ON WHATEVER. SO THIS AMENDMENT IS NOT EVEN -- NOT ONLY DOES IT NOT HAVE A NEXT TO ENERGY, IT DOESN'T HAVE A NEXUS TO CONSERVATION WITH THAT LANGUAGE IN THERE. SO IT HAS SOME SERIOUS PROBLEMS. THOSE ARE A FEW OF THE SUBSTANTIVE PROBLEMS. THERE ARE OBVIOUSLY MORE. JUST THE ISSUE OF FAIRNESS IS PROBABLY THE BIGGEST ONE.

BUT THE BIGGER ISSUE, OF COURSE, IS THE ATTACK ON THE GENERAL TREASURY. THE REPRESENTATION THAT THIS IS A TECHNICAL EVENT WHEN YOU CREATE AN ENTITLEMENT. THAT, TO ME, AFFRONTS THE SENSIBILITY OF FISCAL RESPONSIBILITY. THE CREATION OF ENTITLEMENTS AROUND HERE HAS BECOME A GAME. WHAT HAPPENS IS THE APPROPRIATIONS COMMITTEE OF WHICH I AM

A MEMBER AND I HONOR MY SERVICE THERE AND APPRECIATE THE CHANCE TO SERVE ON IT, HAS GIVEN UP MASSIVE AMOUNTS OF SPENDING RESPONSIBILITY OVER TO THE ENTITLEMENT SIDE, WHY? BECAUSE EVERY TIME THEY CREATE AN ENTITLEMENT TO DO SOMETHING WHICH IS A DISCRETIONARY PROGRAM, IT FREES UP MONEY TO SPEND MORE MONEY ON SOME OTHER DISCRETIONARY PROGRAM. SO IT'S A VERY ATTRACTIVE EVENT, QUITE HONESTLY, TO CREATE AN ENTITLEMENT FOR A DISCRETIONARY PROGRAM BECAUSE THAT GIVES THE APPROPRIATOR FREEDOM TO SPEND THE MONEY THAT HAS JUST BEEN FREED UP AGAIN. AND THAT'S HOW YOU END UP DRIVING UP FEDERAL SPENDING. BECAUSE SUDDENLY YOU HAVE TAKEN MONEY WHICH THERE WAS GOING TO HAVE TO BE SOME PRIORITIZATION FOR BECAUSE THE APPROPRIATIONS COMMITTEE WOULD HAVE TO SAY IF WE SPEND X MILLION HERE WE HAVE TO SPEND X MILLION THERE BECAUSE THERE'S A BUDGET CAP. YOU PUT THAT MONEY ON THE ENTITLEMENT SIDE SO THAT MONEY COULD BE SPENT AGAIN. THAT'S WHY THIS IS SUCH AN OUTRAGE AS AN APPROACH TO CREATING AN ENTITLEMENT. THERE'S NO WAY THAT AS BUDGET CHAIRMAN IN GOOD CONSCIENCE I CAN ALLOW THIS TYPE OF ACTIVITY TO GO FORWARD, WITHOUT PUTTING THE RED FLAG AND SAY, HEY, FOLKS, THIS HIGHWAY ROBBERY. THIS IS A WAY TO STICK IT TO THE BUDGET COMMITTEE AND TAXPAYERS TWICE. I'LL PROBABLY LOSE THIS POINT OF ORDER BUT IT DOESN'T MEAN I SHOULDN'T RAISE IT. THAT'S MY JOB. THAT'S WHAT I'M HERE FOR, I GUESS, TEMPORARILY ANYWAY. SO THAT'S THE ESSENCE OF THE PROGRAM. SUBSTANTIVELY THIS IS NOT AN ENERGY ISSUE. THE STATE OF LOUISIANA ALREADY HAS MANY REVENUE STREAMS WHICH THEY HAVE BEEN SUCCESSFUL IN THE PAST IN GAINING. THIS WOULD BE AN ADDITIONAL REVENUE STREAM WHICH WOULD BE INAPPROPRIATE TO LIMIT TO FIVE STATES BECAUSE CONSERVATION IS NOT A UNIQUE PROBLEM FOR LOUISIANA; THERE ARE OTHER STATES WITH HIGHER CONSERVATION PROBLEMS RELATED TO ENERGY DIRECTLY TO WHERE THE CONSERVATION DOLLARS GO. THE LOSS OF THIS FRONTAGE DOESN'T APPEAR TO BE ONE OF THE CONSERVATION ISSUES. AND CREATING AN ENTITLEMENT WHERE THERE WAS A DISCRETIONARY PROGRAM IS JUST PLAIN BAD FISCAL POLICY. SO THAT IS THE REASON I WILL BE MAKING A POINT OF ORDER AT THE PROPER TIME AND I'M PERFECTLY HAPPY TO GO TO THAT VOTE AS SOON AS THE PARTIES WISH TO DO SO.